fish ponds have been built. In 1931, Hungary exported over three million 226
pengő worth of fish to Western Europe. The most common fish caught are carp, sheatfish and barbel. The Balaton provides delicious sturgeon and pike perch.

The post war governments have made efforts to improve the productivity 242 656
of Magyar soil through mechanization, increase in fertilizer production, introduction of modern methods in handling manure, seed selection, rejuvenation of the breeding stock, increase of pasture areas, irrigation, flood-control, reforestation, and use of the latest methods of agro-biology and agro-chemistry. These aims were, however, secondary to the tremendous investments in industry, especially heavy industry. The drouth of the early fifties and the resistance of the peasants fighting collectivization added to the insufficiency of the above efforts and the agricultural situation became stagnant, then declined. The "new course" policy of Premier Nagy brought a fresh approach in 1953. Nagy invested 24 per cent of the total [474]
investments on the State's budget into agriculture in 1954, brought forced collectivization to a halt, even permitted the peasants to leave the kolkhoses, and favored consumer goods. He also had more liberal policies in the villages; e.g. he permitted the reorganization of farmers' clubs (gazdakör).

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The recent (since 16 April 1955) Hegedüs government succeeding Nagy could not reverse the trend entirely. Although he is extremely severe in the enforcement of the decrees concerning crop collection and taxes in the villages, Hegedüs, unlike the pre-Nagy Communist governments, continues not to discriminate against the small- and medium- landholders.

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The majority of the heavy agricultural work is performed with teams of horses or cows, rarely oxen. The equipment used is up-to-date, although wooden implements were used as late as the end of the nineteenth century. A full mechanization of agriculture would call for more emphasis on this type of machinery than the present status of Hungarian industry permits. Nevertheless, there has been an impressive increase in agricultural machinery, although complaints about the poor quality of domestic machines are common.

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The number of agricultural machine stations and tractors in Hungary was:

	MTS	tractors
1950	361	6,681
1952	364	9,723
1954	364	11,298

The equipment of the average MTS is 36 tractors, 23 threshing machines, 6 harvesters, 4 traction engines, 2 combines and several smaller machines for specific purposes.

3:Kemeny G-5 (1945-48)195: EC1 Hungary EC1

the economic functions acquired so far by the Government, combined with the power to control credit, investment, raw-material allocations, prices, and wages, would suffice to give effect to the Plan without further measures of nationalization. There is evidence that even the leaders of the Communist Party shared this opinion for the practical reason, if not for any other, that further nationalization could not be coped with by the bureaucratic apparatus.

In post-war Hungary, naturally enough for an economy of shortage, war-time controls were maintained.[1] Beyond that, as soon as the monetary reform had been accomplished, certain steps pointing towards a planned economy were taken.

In view of the extremely low capital resources, the authorities decided to introduce a system of credit rationing. An inter-departmental committee was set up under the auspices of the Ministry of Finance to decide the allocation of credit, in co-operation with representatives of the National Bank. The task of this committee was to make the amounts of credit granted conform to the ceiling prescribed for the issue of bank-notes. The ceiling for the note circulation was from time to time fixed by the Supreme Economic Council. Lendings of the National Bank were completely, those of the commercial banks partly, subject to the decisions of the committee. These decisions were guided by the prevailing opinion, based on general economic considerations, as to the urgency of the credit. To mitigate the rigidity of the system, a certain percentage (though gradually decreasing) of the resources of the commercial banks could be lent without central control.

Another agency which was in a position to supplant the mechanism of the market was the Raw Materials Board. The Board, in virtue of its authority to decide on the allocation of fuel and raw materials, whether they were home produced or imported, exercised wide powers of tightening control. However, the manner in which the Board used its powers did not amount to systematic planning.

The idea of the introduction of planned economy first began to take shape at the end of 1946. Communists and Socialists did not confine themselves to advocating the idea. Both parties produced draft plans, making use of expert advice, with the aid of departmental staffs placed at their disposal. The Communists asked, of course, an expert from Russia for assistance, while the Social-Democrats profited by the expert knowledge of an economist of Western outlook.[2]

[1] See p. 13.

[2] The expert of the Communist Party was E. Varga, that of the Social-Democratic Party, Nicholas Káldor.

3:Kemeny G-5 (1945-48)1951 EC1 Hungary EC1

435 index. This fundamental change in price relations indicated an improved position of the rural population. The improvement was considerable, even if the opportunities of selling some part of their products above official prices be disregarded. This development was enforced by economic facts; its operation seemed, however, to have been assisted by political considerations.

As far as farm products were concerned, price policy was imposed on the planners by the economic facts. Regarding industrial prices, governed by costs of production, the Plan pressed for improved efficiency and economy, and would not accept actual current costs as the standard. However, prices were being forced up by rising costs of materials and wages. Also managements tended to overstate their costs in order to enlarge their surpluses. The pressure exerted by these factors prevented the authorities fr.. ndling price policy as an instrument for planning producti.. far as capital goods were concerned, no special stimulu.. eeded, for the Plan provided for their absorption at official p.. s. As to consumer goods, the authorities, haunted by the increasing costs, vacillated between the financial and the social points of view. Financial aspects were mostly dominant, yet as soon as consumers' resistance became perceptible (as referred to on p. 82) endangering sales of the products, hasty measures were taken to reduce prices. In a seller's market adjustments of this kind easily brought about the shifts desired, while the price reduction of the article concerned led to a re-examination of costs of production.

It is not possible to detect whether the tendency of the official policy of fixing prices according to the cost of the least efficient producer underwent some change. Possibly deficiencies of price policy were made up to some extent by the compulsion to produce increasing surpluses, the compulsion acting as an incentive to reduce cost. However, the pressure brought upon the executives of public enterprises might result as well in capital consumption.

SOME ASPECTS OF COST CALCULATION

451 Economy of costs in industry was an integral part of the Plan. Progress in that field was, in fact, indispensable to fulfil so 256 ambitious a programme. Special attention, therefore, was given 435 to the methods of costing. They were worked out with the characteristic limitation of excluding the calculation of capital cost (see pp. 76–8). The fundamentals of the costing system are worked out clear-cut in a decree issued by the Supreme Economic Council in February 1949. It was naturally based on

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

previous rulings, which it completed in some detail, and gave greater precision on certain points. According to the decree price calculation has to be built up in three stages:

(1) Processing costs;
(2) Costs of management and distribution;
(3) Taxes and profit.

The total of the first and second groups makes up the actual costs, and the selling price is obtained after adding to these costs taxes and profit, constituting the third group within the calculation. A peculiarity of this scheme of calculation is that in its classification it throws prime costs and overhead costs together. The decree specifies the following under processing costs: materials, wages, social services, special processing costs (such as models or experiments associated with a special branch of production), and finally overhead costs, so far as these are not included under management and distribution. Allowance for replacement naturally constitutes a further element of cost. The rate of the allowance must be that fixed by the National Planning Department.

The decree on costing was intended, besides setting rules for accounting, to ensure adherence to the regulations concerning prices and wages. Any calculation containing prices for materials exceeding official prices was ruled out. Wage costs should strictly conform to the level fixed in the collective wage agreements, and any expenditure arising from laxity in determining the norms for piece-rates should not be admitted. Separate regulations set a limit for expenditure on the social welfare of the employees. Fees paid to experts and commissions to salesmen were to be paid according to officially-adopted tariffs. Advertising costs were only admitted if previously approved by the competent authority.

A further objective of the decree was to prevent uneconomic methods of production. Expenses for raw materials were to be accepted only for technically justifiable quantities. Elaborate regulations were designed to exert pressure on management to keep waste and faulty production within narrow limits. Losses on these accounts were to be calculated separately, and were admitted as costs only as far as they did not exceed the average in the industrial branch concerned. This average was to be determined by the Industrial Directorate, and losses above that level had to be borne by the enterprise. In particular, the inclusion of losses arising from defective production of whole series of articles in the cost calculation was not allowed.

These rules applied equally to privately and publicly-owned

3:Kemeny G-5 (1945-48)1957 EC1 Hungary EC1

enterprises. Regulations applying particularly to the calculation of the profits of private enterprises require separate mention. A profit rate of either 5 or 8 per cent on sales reckoned at factor cost[1] was fixed. It depended on the ratio between the yearly amount of sales and the capital of the enterprise which of the two rates should be employed. The higher rate was applicable when yearly sales did not amount to more than double the capital; in other cases 5 per cent was admitted. It was the competent Industrial Directorate that decided upon the classification of the individual enterprises from the point of view of profit-rate calculation. How this rough and ready system works has not been disclosed.

The same base was used for determining the scale of contributions of public enterprises to the Treasury. It was the sales again that furnished the basis for the payments of the enterprises to the central depreciation fund. An earlier decree fixed to that effect a wide range of rates up to 13 per cent to be paid in as depreciation allowance. These rates were, in fact, not applied. A skeleton decree authorized the Planning Department to determine the rates. There is evidence that they were fixed at a very low level, and, though contributions according to industries varied, they were not correctly adjusted to true depreciation needs. Payments due on account of the company's tax also conformed to the sales pending final adjustment. It was, in fact, a peculiarity inherent in the whole accounting system, to rule out the capital account from calculation, a practice involving, in view of the low depreciation allowances, the danger of capital consumption.

The obligation to provide for replacements by monthly payments into a fund administered by the Investment Bank was imposed on public and private enterprises alike. The common fund of the public enterprises was subdivided into an investment section and a replacement section. The former—25 per cent of the whole—might be used, on instructions from the National Planning Department, to cover minor investments. The reserves built up by nationalized enterprises could be redistributed irrespectively of the amounts paid in by individual concerns. By this provision a central depreciation fund for industry under the command of the Planning Department was created.

Regulations on costing aimed at preventing waste and uneconomical methods of production, and a series of measures

[1] Though not essential to the working of the Plan it may be mentioned as characteristic of the position of private enterprise that only the accessory bank charges connected with loans were admitted as costs. Interest could not be included in the costs; it had to be deducted from profits. This measure evidently aimed at deterring private firms from borrowing.

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

were taken to ensure further rationalization in industry. Much attention was paid to standardizing industrial production. An institute was established under the auspices of which suggestions for reducing the manufacturing of tools to a few standardized types were soon carried into practice. Similar steps followed in textiles and also in other industries. The importance attached to the problem of rationalization was underlined by the vast propaganda encouraging workers' innovations. This widespread action presumably scored success even if a good deal be abated from the official tribute paid to it.

Important steps towards rationalization were taken following the transfer of manufacturing industry to public ownership. In several industries, first of all in engineering, specialization of plants has been carried out. In concentrating the output of tractors, of lorries, of certain tools and implements, the former dispersion of production among a number of factories was eliminated, and the way opened for more economic methods of production.

THE DRIVE FOR INCREASED PRODUCTIVITY

A substantial increase in productivity was one of the fundamental conditions of the fulfilment of the Plan. For the third Plan period the planners envisaged an average productivity of labour in mining and manufacture 50 per cent above the level of 1946–7. As pointed out above (p. 65), they hoped to double the volume of production with a labour force raised by one-third only. Both enlarged equipment and improved working methods were to play their part in attaining the result.

The objective appeared bold at first sight. Yet in 1946–7, with an average productivity of labour in industry between 65 and 70 per cent of that before the war, an improvement by 50 per cent did not imply more than a restoration of the former standard. Nevertheless the obstacles could not be altogether overcome. Half the distance was covered during the first Plan year. According to statements already referred to, in 1947–8 the productivity of labour was raised by 25 per cent in manufacturing industries and by 21 per cent in mining, compared with the average of the previous year.

In appreciating these achievements, the background has to be considered. They represent a second step towards higher productivity. The first had been taken in 1946–7 consequent upon the monetary reform, though inadequate raw-material supplies impeded a steady development of industrial production in that year. But the numbers in employment could not be

3:Kemeny G-5 (1945-48)1957 EC1 Hungary EC1

ordination of the work of the authorities. The executives were, in particular, supposed to collect adequate information on the prospects of raw-material supplies when submitting applications for credit. This information was mostly derived from official sources: the Raw Materials Board, or the Ministry for Foreign Trade; yet in a number of cases it was supplemented by anticipations based on special knowledge of sources of supply.

With a view to the control of the manufacturing process, the Planning Department attempted at first to keep account of every detail, right down to the output of individual products within the different concerns. Later, in view of the rapid expansion of production, it was recognized that control could not work in such detail. After some hesitation the National Planning Department confined itself to watching the flow of production of each individual concern as a whole, with little regard to whether some of their workshops were ahead of their schedule and others lagged behind it. The overall figure of current production of a concern was estimated on the basis of the number of workers engaged in the different sections of production. The relation of the wage costs to the value of products was worked out for the various sections of the manufacturing process within the concerns. The Planning Department exploited these calculations in order to control on broad lines the rate of expansion in industrial production.

The local representatives of the Planning Department were in a position to exert current control, provided they had sufficient expert knowledge. The heavy penalties inflicted for any offence against the Plan generally sufficed to prevent any shortcoming on the part of the executives. They were, in fact, anxious to secure approval in advance for any change in programme. This practice contributed to the tightening of control, imparting at the same time a bureaucratic character to the whole system.

AGRICULTURE

The individual farmer's production was directed by local agricultural committees established through the agency of the National Union of Working Peasants.[1] The counties and districts, with their respective departments and committees, operated as intermediate organs behind those local bodies. Central direction emanated from the Ministry of Agriculture, which was responsible jointly with the National Planning Department for this part of the Plan. The local boards deter-

[1] See above, p. 39.

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

mined the production plan of the individual farmer, and exerted permanent control over his activities. The growing of certain products was brought into more direct relation with the general production Plan by being placed under the centralized control of special agencies. Contracts were concluded between the individual farmers and these central agencies. This system, which was called production 'under contract', ensured the farmers guaranteed prices and specially favourable conditions for production. The contracting farmers were to receive quality seed, fertilizers, and credit facilities. On the other hand the obligation was imposed on them to adopt improved methods of cultivation as worked out by Government experts. The grower was, as a rule, under the obligation to deliver the whole produce of the contractual area, which was kept under control by a staff of supervisors. Another variety of these contracts, less frequently applied, stipulated the delivery of the produce only up to specified limits. The grower then was entitled to dispose freely of the part of his crop exceeding the determined maximum. The maximum, however, was usually based on yields considerably above the average crops in the produce concerned. On a more limited scale this special form of control of production had been applied in the inter-war period and during the war. In 1948 about 10 per cent of the arable land was cultivated under contract, so as to produce improved qualities of seed-grain, oil seeds, or tobacco.

Planning in agriculture was not confined to determining the proportion of the areas to be devoted to the different branches of cultivation. Besides the production plan there were other plans, i.e. time-tables set up centrally for ploughing, sowing, and harrowing. The existence of these plans implied, on the part of the local committees, a permanent control of the work to be done by the individual farmer. He was required to report and to make application for assistance, for example by borrowing implements or tractors, whenever it was wanted to carry out the work prescribed. Any omission or delay might incur a charge of sabotage. It was the duty of the local and district branches of the National Union of Working Peasants, in co-operation with the authorities, to provide what was necessary. This could be done through arrangements with one of the State-owned tractor stations (which, besides tractors, disposed of threshing machines and other equipment). An alternative was to hire from farmers who had draught animals or agricultural machinery to spare. These farmers were obliged to lend at officially-fixed rates of compensation.

The final test for the farmer was the compulsory delivery of

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

241 grain, oil seeds, fat, and pigs. Smaller holdings had to surrender
656 fat. The owners of holdings over a certain size were obliged to fatten pigs for delivery, up to a prescribed minimum weight.

It was a common feature of the measures taken in order to control agricultural production that they were applied, in particular in the latest stages, with a severity not justified by purely economic considerations. For political reasons it was intended to go beyond economic necessity, so as to provide a weapon in the campaign by which the wealthier part of the peasantry was to be annihilated.

AGENCIES FOR CO-ORDINATION

647 The National Planning Department, as the centre of the
471 whole economic system, was endowed from the outset with wide powers. The Department started with a small personnel, on the assumption that it could make use of assistance from other Departments for special tasks. Battling at the beginning with difficulties within its own organization, the supreme planning authority had to divide its attention between the current work of control and adjustment and what may be called the strategic line of planning.

As an inevitable consequence of the hasty manner in which the obligations of producers under the Plan had been drawn up, applications for the approval of alterations poured in at the time when the checking and co-ordinating of the individual plans submitted were going on.[1] Alterations approved for one concern were often bound to involve changes in dependent industries. This was recognized, yet a workable co-operation between the Planning Department and the Ministries of Industry, of Transport, and of Public Works, in order to master the problem, was but gradually evolved. Until better co-operation was achieved, many disturbances had to be overcome, amounting even to a stoppage of plants caused by delays in decision. In a number of cases the executives preferred to interrupt production rather than take personal responsibility in the absence of new directives.

The National Planning Department considered the drawing up of investment projects beyond those published in the Plan to be one of its paramount tasks. This was in accordance with the policy of speeding up the production of capital goods. The schemes were prepared, use being made of capital programmes worked out before the introduction of planned economy. The schemes were kept in reserve, in order to be launched as soon as

[1] See Chapter IV.

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

Co-operative Societies. As the centre of the rural credit co-operatives, it disposed of a network of branches over the countryside. These branch offices were insufficiently staffed with experts even before their political reorganization, which meant the expulsion of the wealthy peasants. Little is known of the extent to which the newly-established Rural Credit Councils (i.e. the Boards of the local co-operatives) were able to assist the authorities in keeping investment in agriculture in line with the Plan. The Councils were militant political bodies rather than committees of experts.

A RIGID SYSTEM

The conception of the planners was to make the economy effective by imposing a multiple system of controls on it. The National Planning Department, assisted by the different Government Departments, was the principal agency of the controls. Yet with all its wide powers, the efficacy of the Planning Department in supervision and direction was limited. Another centre of control was created by the reorganization of the National Bank. The establishment of the single-account system seemed to offer the planners a device for checking economic activities in all their successive stages.

Tightness of control was thought to be essential for the execution of the Plan. But according to the original conception control was confined to production. The Plan, as drawn up in 1947 on the basis of a system of mixed economy, envisaged a detailed regulation of production, but it was assumed that the flow of consumer goods would roughly correspond with the creation of purchasing power through increased production. This assumption failed to take account of the vicissitudes of price controls and wage policy. During its first phase the Plan did not extend its control to the activities intermediate between production and consumption, i.e. it did not apply to trade. Wholesale dealers (and even less, of course, the retail traders) were not bound to submit plans concerning their prospective turnover, though they had to report on man-power employed or apply for approval of investment in so far as it exceeded the 200,000 forint mark. The existence of this stratum preserved a certain resilience within the economy. It proved, in a way, helpful in overcoming difficulties in the administration of the Plan, though the activities of the dealers may, in some instances, have been a nuisance to the planners. When the ceiling for the bank-note circulation prevented the allocation of credit required for carrying out production demanded by the Plan, the concerns affected some-

3:Kemeny G-5 (1945-48)1952 - EC1 Hungary EC1

656 433 times found a solution in forced sales to merchant firms which had command of capital. These firms again were able to assist in relieving the difficulties of publicly-owned concerns by taking over, at a sacrifice of price, stocks which had accumulated to excess in consequence of delay in adaptation to unexpected shifts in consumption.

[442] This safety valve for the planned sector disappeared in the second phase of the Three-year Plan as soon as wholesale trade was transferred to public ownership. The methods of operating the Plan and the entire economy became more rigid than before. The activities of wholesale trade were assigned to a limited number of monopolistic trading companies, each of them concerned with the products of a branch of industry, or a complex group of agricultural produce. The sales departments of the manufacturing concerns were merged with their respective trading companies, following the principle (almost made into a dogma) that manufacturing and trading activities should be separated. All these changes involved a bureaucratic spirit in trading.

461 433 The rigidity of the system was aggravated by a personal factor, which is inherent in an order of strict centralization, the shirking of responsibility on the part of executives. Another unceasing difficulty in the way of prompt adjustments of production was the scantiness of reserves of raw materials, semi-finished products, and spare parts. All these reserves were extremely low when the Plan was started, and though the worst gaps were soon filled up, it was hard to keep pace, all along the line, with the requirements of a rapidly-expanding production.

In spite of all these frictions and obstacles production was forced up. It was a grim determination which helped the planners to overcome difficulties. But their production drive owed its success to a considerable extent to the fact that shortcomings due to misconceptions or failures in calculation could be counterbalanced by drawing on unutilized reserves of manpower.

THE TEN YEAR PLAN OF AGRICULTURE OF 1942 7

Investments included increasing the number and improving 185 X 654

this equipment of agricultural colleges, improving the equipment of agricultural experiment stations, the setting up of model and experimental farms, the organization of competitions for farmers and agricultural exhibitions, the organization of group visits to efficient farms, and the establishing of scholarships for advanced study at home and abroad. The minister was also authorized to contribute to the costs of permanent improvements, planned by groups of farmers, should their costs exceed their financial capacity.

The temporary tax exemptions which the act authorized brought benefits to farmers making investments to effect permanent improvements. Similar exemptions had long been available to industrialists.

Most important of all, to improve the efficiency of farming, the Minister of Agriculture was given wide powers to control and direct production. If he deemed necessary, he was authorized: 185 X 656

(a) to dispossess inefficient farmers, guilty of gross negligence;

(b) to proceed with the consolidation of fragmented holdings without the preliminary consent of those affected;[2]

(c) to fix zones for the growing of certain kinds of fruits and the breeding of certain breeds of livestock;

(d) to compel large estates owned by public authorities, nonprofit organizations, or joint-stock companies to grow quality seeds on a certain proportion of their acreage;

(e) to compel farmers to use tested, high-quality seeds;

(f) to order the planting of wind-breaks along fields or on public grazing land;

(g) to compel farmers to grow certain crops on a fixed proportion of their acreage or to make the growing of certain crops subject to permission;

(h) to compel farmers to improve their land by means of drainage, conservation practices, manuring, etc.;

(i) to compel farmers to set up joint enterprises for soil improvement and conservation schemes requiring larger investments.

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2. Many of the small farms were not one contiguous piece of land, but consisted of a number of even smaller fields scattered over a large area. This was wasteful of land, owing to the length of boundary lines, and made efficient cultivation impossible because of the loss of time entailed in traveling from field to field. Consolidation had been making very slow progress in spite of its obvious advantages.

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8 ECONOMIC PLANNING IN HUNGARY SINCE 1938

The extraordinary powers were not checked by making the action dependent on the advice of some local council or by the right of appeal to local councils, except by ordinary recourse to the Administrative Court.

In the two years the act was in force, little use was made in general of the wide powers granted. A few farmers were dispossessed for gross negligence and a start was made to introduce zoning in the production of certain field crops and certain breeds of livestock. Full use was made of the power to compel farmers to grow certain crops, notably oil seeds, and also of the power to give monopolistic rights to cooperatives to buy up, distribute, and export certain crops and products.

The Ten Year Plan of Agriculture was introduced during the war and the exigencies of the war influenced it at least as much as the impact of totalitarian ideas. Its effects on agriculture were small in comparison with the effects of the Billion Pengoe Plan on industry.

Tax concessions.

729 651 Their economic assistance and patronage is the permanent feature of the taxation policy, which assures the disabled soldiers, war widows and orphans, soldiers decorated for bravery, and war veterans of permanent tax benefits through administrative and legal measures. Lately these benefits have been made available to all soldiers on active service.

Ex-soldiers.

729 464 In several other administrative and legal measures incidental provisions secure special consideration for the above. One of the laws furthering the welfare of war veterans and their dependents orders the employment of a certain percentage of disabled soldiers by employers, and secures preferential treatment for ex-soldiers when applications for governmental and other positions are considered. 729 These considerations prevail at the distribution of state 656 monopoly rights in trade amongst retailers. The law of 1921 governing the retailing of spirits orders that the license applications of war veterans, disabled soldiers, war widows and orphans and those civil servants who lost their livelihood on account of the Treaty of Trianon, should be given first consideration. The law regulating the social welfare of ex-soldiers provides that if there are competent ones amongst the applicants for any state licenses to ply a trade, at least 50% of the applications should be granted to them. Since these laws were passed the revenue authorities have allotted almost 70% of the licenses — especially licenses to retail tobacco — to disabled soldiers, giving preference to those who had

large families or were most in need of employment. The retail tobacco store licenses withdrawn from Jews were given mostly to ex-soldiers and war widows.

We have already dealt with the indemnification of war-bond holders who sustained severe financial losses due to the war in the section on public finance and taxation.

Social policy during the second world war.

War conditions retarded the progress of certain social welfare policies and stimulated others. The promotion of industrial labour policy has not been neglected during the war. The expansion of the sphere of activies of the various labour agencies and boards is going on and the Government is reinstating certain social measures which were suspended or restricted the beginning of the war in the interest of accelerated war-time production.

Overtime and paid holidays.

In the regulation of working conditions and the labour market nowadays anticipatory measures come to the fore, for instance the new wartime measures to check habitual idleness and any sign of reluctance to work. It was inevitable that the limitation of the hours of work should be suspended for the duration, and although it was restored for a short while in 1940, it had to be suspended again that year owing to the requirements of war production. At the same time the Government demanded that overtime should be paid for any extra hours of work. Defence requirements also made it necessary that the paid holidays enjoyed by workers under the law could be commuted for extra paid compensation. Furthermore, steps were taken that the time